

Financial Report
The Work Connection, Inc.
Houma, Louisiana
For the year ended June 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 26 2014**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the accompanying financial statements of The Work Connection, Inc. (The Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013, and the change in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and our report dated December 7, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2013, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
October 29, 2013

STATEMENT OF FINANCIAL POSITION**The Work Connection, Inc.**

June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

Assets	2013	2012
Cash on hand	\$ 59,174	\$ 73,035
Grants receivable	47,256	18,376
Miscellaneous receivable	2,122	2,122
Property and equipment, net	4,202	6,002
Long-term receivable	6,413	4,303
Total assets	\$ 119,167	\$ 103,838
Liabilities		
Accounts payable and accrued expenses	\$ 37,282	\$ 34,939
Compensated absences payable	6,413	4,303
Total liabilities	43,695	39,242
Net Assets		
Unrestricted	71,270	58,594
Temporarily restricted	4,202	6,002
Total net assets	75,472	64,596
Total liabilities and net assets	\$ 119,167	\$ 103,838

See notes to financial statements.

STATEMENT OF ACTIVITIES**The Work Connection, Inc.**

For the year ended June 30, 2013

(with summarized financial information for the year ended June 30, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Totals
Revenues, Gains and Other Support				
Government grants	\$ 1,144,345	\$ -	\$ 1,144,345	\$ 1,138,577
Charges for services	-	-	-	4,631
Other income	12,790	-	12,790	41,044
Net assets released from restrictions:				
Satisfaction of use restrictions	1,800	(1,800)	-	-
Total revenues, gains and other support	1,158,935	(1,800)	1,157,135	1,184,252
Expenses				
Program Services:				
Adult	236,040	-	236,040	245,490
Dislocated Workers	650,372	-	650,372	556,067
Youth	259,742	-	259,742	220,994
% Discretionary	-	-	-	29,030
American Recovery and Reinvestment Act	-	-	-	20,449
Reemployment Services	-	-	-	1,085
LEAP	-	-	-	69,591
Pathways and Hearts	105	-	105	7,640
Total expenses	1,146,259	-	1,146,259	1,150,346
Increase (decrease) in Net Assets	12,676	(1,800)	10,876	33,906
Net Assets				
Beginning of year	58,594	6,002	64,596	30,690
End of year	<u>\$ 71,270</u>	<u>\$ 4,202</u>	<u>\$ 75,472</u>	<u>\$ 64,596</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**The Work Connection, Inc.**

For the year ended June 30, 2013

	<u>Program Services</u>				
	<u>Adult</u>	<u>Dislocated Workers</u>	<u>Youth</u>	<u>Pathways/ Hearts</u>	<u>Total</u>
Salaries	\$ 102,140	\$ 353,089	\$ 173,988	\$ -	\$ 629,217
Payroll taxes	7,085	27,721	12,971	-	47,777
Retirement	4,694	7,736	5,520	-	17,950
Employee benefits	4,703	27,140	8,125	-	39,968
Total salaries and related expenses	118,622	415,686	200,604	-	734,912
Advertising and public relations	49	63	27	-	139
Contract services	21,850	871	-	-	22,721
Depreciation	360	1,080	360	-	1,800
Equipment rentals	2,904	3,712	3,820	-	10,436
Equipment repairs and maintenance	4,021	11,341	2,738	-	18,100
Insurance	5,410	7,382	9,102	-	21,894
Membership dues and subscriptions	405	617	597	-	1,619
Miscellaneous	-	1,237	711	105	2,053
Occupancy	15,470	18,900	23,961	-	58,331
Postage and shipping	129	179	-	-	308
Professional fees	3,563	8,302	4,058	-	15,923
Participant tuition	26,559	70,354	1,540	-	98,453
Participant child care	1,199	-	-	-	1,199
Other participant supportive services	25,065	98,563	6,266	-	129,894
Supplies	8,866	3,501	1,977	-	14,344
Telephone	900	2,457	2,495	-	5,852
Travel, meals and lodging	571	1,653	228	-	2,452
Utilities	97	4,474	1,258	-	5,829
Totals	\$ 236,040	\$ 650,372	\$ 259,742	\$ 105	\$ 1,146,259

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Work Connection, Inc.

For the year ended June 30, 2012
(for comparative purposes only)

	Program Services					
	Adult	Dislocated Workers	Youth	% Discretionary	American Recovery and Reinvestment Act	Remployment Services
Salaries	\$ 115,699	\$ 225,935	\$ 153,477	\$ 26,457	\$ 12,932	\$ 242
Payroll taxes	8,803	18,452	11,877	1,863	999	-
Retirement	5,065	6,670	4,421	-	16	-
Employee benefits	6,090	5,454	6,126	-	-	18
Total salaries and related expenses	135,657	256,511	175,901	28,320	13,947	260
Advertising and public relations	-	34	-	-	-	-
Contract services	21,382	12,096	-	-	754	-
Depreciation	825	825	825	-	-	825
Equipment rentals	2,818	2,859	2,766	-	-	-
Equipment repairs and maintenance	2,407	3,844	2,272	-	-	-
Insurance	6,535	6,911	8,308	210	-	-
Membership dues and subscriptions	514	433	565	-	-	-
Miscellaneous	528	468	715	-	-	-
Occupancy	9,395	35,103	10,129	500	-	-
Postage and shipping	39	167	107	-	-	-
Professional fees	3,655	5,920	3,852	-	-	-
Participant tuition	25,754	141,802	2,315	-	-	-
Participant child care	758	-	-	-	-	-
Other participant supportive services	24,657	74,239	7,674	-	5,748	-
Supplies	9,640	5,781	1,801	-	-	-
Telephone	329	2,899	1,519	-	-	-
Travel, meals and lodging	597	1,116	714	-	-	-
Utilities	-	5,059	1,531	-	-	-
Totals	\$ 245,490	\$ 556,067	\$ 220,994	\$ 29,030	\$ 20,449	\$ 1,085

See notes to financial statements.

Exhibit D

Program Services		
LEAP	Pathways/ Hearts	Total
\$ 45,480	\$ -	\$ 580,222
3,755	-	45,749
-	-	16,172
239	-	17,927
49,474	-	660,070
-	-	34
-	-	34,232
825	-	4,125
-	-	8,443
-	-	8,523
591	-	22,555
-	-	1,512
-	3,296	5,007
9,200	-	64,327
-	-	313
-	-	13,427
-	-	169,871
-	-	758
627	-	112,945
5,664	4,344	27,230
3,068	-	7,815
142	-	2,569
-	-	6,590
<u>\$ 69,591</u>	<u>\$ 7,640</u>	<u>\$ 1,150,346</u>

STATEMENT OF CASH FLOWS**The Work Connection, Inc.**

For the year ended June 30, 2013
(with summarized information for the year ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Increase in net assets	<u>\$ 10,876</u>	<u>\$ 33,906</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,800	4,125
Decrease (increase) in assets:		
Grants receivable	(28,880)	2,077
Other receivables	-	74
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>2,343</u>	<u>(29,082)</u>
Total adjustments	<u>(24,737)</u>	<u>(22,806)</u>
Net cash provided by (used by) operating activities	(13,861)	11,100
 Cash		
Beginning of year	<u>73,035</u>	<u>61,935</u>
End of year	<u>\$ 59,174</u>	<u>\$ 73,035</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Work Connection, Inc.

June 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Work Connection, Inc. (the Organization) was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Investment Act (WIA), the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Investment Board (the LAT). The Organization is funded by the LAT as a subrecipient of Title I – B of WIA. In past years, the Organization received fees for services from the LAT for enrolling and testing participants in the Healthcare Recovery Training System programs, and for the employment of disabled participants through Ticket-to-Work programs.

b) Financial Statement Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC)-958, Not-for-Profit Entities. Under ASC-958, the Organization is required to report information regarding its financial position and activities according to three classes of net position as follows:

Unrestricted Net Position – Net position that is not subject to donor-imposed stipulations.

Temporarily Restricted Net Position – Net position subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Position – Net position subject to donor-imposed stipulations that are maintained permanently by the Organization. The Organization had no permanently restricted net position at June 30, 2013.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

b) Financial Statement Presentation (continued)

The Statement of Activities includes certain prior-year summarized comparative information in the total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2013.

f) Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Uncollectible receivable are considered immaterial to the financial statements at June 30, 2013.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Department of Labor (LDOL). All property and equipment is ultimately the property of LDOL, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the year ended June 30, 2013 was \$1,800.

h) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The related reimbursement is recognized as long-term receivable at the time the liability is incurred.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 120 hours prior to July 1, 2011 and 48 hours after. In no instance shall any employee receive wages for sick leave upon termination of employment, accordingly accumulated sick leave is not accrued in the financial statements.

i) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the State of Louisiana Department of Labor. Accordingly, certain costs have been allocated among the services and activities benefited.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Tax years ended June 30, 2010 and later remain subject to examination by the taxing authorities. As of June 30, 2013, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 2 - RESTRICTIONS ON NET POSITION

Temporarily restricted net position are restricted by donors for specific purposes or for use in subsequent periods. As June 30, 2013, temporarily restricted net position include \$4,202 for the use of property and equipment.

Note 3 - PROPERTY AND EQUIPMENT

At June 30, 2013, property and equipment consist of the following:

Transportation equipment	\$ 72,682
Office furniture and equipment	76,362
	<u>149,044</u>
Less: accumulated depreciation	<u>(144,842)</u>
Property and equipment, net	<u>\$ 4,202</u>

Note 4 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal and State of Louisiana Department of Labor and is paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required grant budgets in the amount of \$1,691,485. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 5 - ECONOMIC DEPENDENCY

As described Note 1a), the Organization receives its revenue from Federal grant funding passed through the State of Louisiana Department of Labor and the LAT. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 6 - PENSION PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the year ended June 30, 2013 were \$17,950.

Note 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2013.

Note 8 - OFFICE RENT

The Organization has three offices that are rented on a month-to-month basis. Rental expenditures incurred on all offices amounted to \$58,331 during the year ended June 30, 2013.

Note 9 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through October 29, 2013, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of The Work Connection, Inc., (the Organization), which comprise the statement of financial position as of June 30, 2013, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
October 29, 2013.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Report on Compliance for Each Major Federal Program

We have audited The Work Connection, Inc.'s, (the Organization), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
October 29, 2013.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

For the year ended June 30, 2013

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Labor			
<u>Pass-Through Payments:</u>			
<u>Louisiana Department of Labor:</u>			
<u>WIA Cluster:</u>			
<u>LAT Workforce Investment Board, Inc.</u>			
WIA Adult Program	17.258	OCR #474-000559	\$ 235,680
WIA Youth Activities	17.259	OCR #474-000559	259,382
WIA Dislocated Workers	17.278	OCR #474-000559	200,409
Total WIA Cluster			<u>695,471</u>
<u>LAT Workforce Investment Board, Inc.</u>			
WIA National Emergency Grants	17.277	OCR #474-000559	<u>448,883</u>
Total Expenditures of Federal Awards			<u>\$ 1,144,354</u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

For the year ended June 30, 2013

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Work Connection, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2013 reconciles to the Organization's financial statements for the year ended June 30, 2013 as follows:

Total federal expenditures	\$1,144,354
Non federal expenditures	105
Depreciation of capitalized property and equipment	<u>1,800</u>
Total expenses	<u>\$1,146,259</u>

Note 3 - FINDINGS OF NONCOMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2013

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

c) Identification of Major Programs:

CFDA Number(s)

17.277

Name of Federal Program

WIA National Emergency Grants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2013

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Programs (continued):

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2013.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2013.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2013

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No internal control findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2012.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2012.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2012.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.

For the year ended June 30, 2013

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2013.

No significant deficiencies were reported during the audit for the year ended June 30, 2013.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2013.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2013.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2013.